

OPTIONS, INC.
(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2007 AND 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

4/23/08

OPTIONS, INC.

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BERNARD & FRANKS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH V. FRANKS II, C.P.A.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Options, Inc.
Hammond, Louisiana

We have audited the accompanying statements of financial position of Options, Inc. (a nonprofit organization) as of June 30, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Options, Inc. as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2007, on our consideration of Options, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Bernard & Franks

Metairie, Louisiana
December 18, 2007

OPTIONS, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 434,530	\$ 673,279
Certificates of deposit	563,995	542,253
Accrued interest	8,733	5,033
Accounts receivable		
Government contracts	581,970	351,557
Other	45,243	24,993
Unconditional promises to give	21,000	21,000
Inventory	4,663	4,456
Prepaid expenses	23,375	22,347
Total current assets	<u>\$ 1,683,509</u>	<u>\$ 1,644,918</u>
RESTRICTED ASSETS		
Cash restricted for acquisition of property and equipment	\$ 254,674	\$ 147,465
Cash restricted for endowment	13,526	13,526
Total restricted cash	<u>\$ 268,200</u>	<u>\$ 160,991</u>
LAND, PROPERTY AND EQUIPMENT	\$ 2,200,910	\$ 1,871,708
Less accumulated depreciation and amortization	<u>(957,457)</u>	<u>(904,657)</u>
	<u>\$ 1,243,453</u>	<u>\$ 967,051</u>
OTHER ASSETS		
Deposits	<u>169</u>	<u>2,650</u>
Total assets	<u>\$ 3,195,331</u>	<u>\$ 2,775,610</u>

See Notes to Financial Statements.

	<u>2007</u>	<u>2006</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 67,864	\$ 141,066
Other payables	9,663	8,324
Accrued salaries and payroll taxes	265,416	192,373
Deferred revenue	-	-
Current maturities of long-term debt	11,393	10,651
 Total current liabilities	 <u>\$ 354,336</u>	 <u>\$ 352,414</u>
 LONG-TERM DEBT	 <u>\$ 165,376</u>	 <u>\$ 189,276</u>
 Total Liabilities	 <u>\$ 519,712</u>	 <u>\$ 541,690</u>
 NET ASSETS		
Unrestricted	\$ 2,407,004	\$ 1,870,763
Temporarily restricted	255,089	349,631
Permanently restricted	13,526	13,526
Total net assets	<u>\$ 2,675,619</u>	<u>\$ 2,233,920</u>
 Total liabilities and net assets	 <u>\$ 3,195,331</u>	 <u>\$ 2,775,610</u>

OPTIONS, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Revenues and gains				
Contributions				
United Way	\$ -	\$ 21,000	\$ -	\$ 21,000
Fund-raising income	121,600	91,049	-	212,649
Land	-	195,000	-	195,000
Other	29,481	119,181	-	148,662
Federal contracts	4,831,117	-	-	4,831,117
State contracts	285,831	-	-	285,831
Vocational rehabilitation	57,776	-	-	57,776
Vocational contracts	\$ 398,249			
Less: Cost of services	<u>275,084</u>			
Vocational contracts gross profit	123,165	-	-	123,165
Interest income	52,745	-	-	52,745
Other income	125,811	-	-	125,811
Net assets released from restrictions				
Expiration of time restriction -- United Way	21,000	(21,000)	-	-
Expiration of use restriction -- purchase of equip.	<u>63,348</u>	<u>(63,348)</u>	-	-
Total revenues, gains, and other support	\$ 5,711,874	\$ 341,882	\$ -	\$ 6,053,756
EXPENSES				
Program Services				
Residential services	\$ 1,121,235	\$ -	\$ -	\$ 1,121,235
Vocational services	1,195,008	-	-	1,195,008
Individualized services	2,093,155	-	-	2,093,155
Support Services				
Management and general	1,185,523	-	-	1,185,523
Fund-raising	<u>17,136</u>	-	-	<u>17,136</u>
Total expenses	<u>5,612,057</u>	-	-	<u>5,612,057</u>
Change in net assets	99,817	341,882	-	441,699
Net assets at beginning of year	<u>1,870,763</u>	<u>349,631</u>	<u>13,526</u>	<u>2,233,920</u>
Net assets at end of year	<u>\$ 1,970,580</u>	<u>\$ 691,513</u>	<u>\$ 13,526</u>	<u>\$ 2,675,619</u>

See Notes to Financial Statements.

OPTIONS, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT				
Revenues and gains				
Contributions				
United Way	\$ 1,165	\$ 21,000	\$ -	\$ 22,165
Fund-raising income	38,683	99,449	-	138,132
Other	250	41,000	-	41,250
Federal contracts	3,923,252	-	-	3,923,252
State contracts	480,836	-	-	480,836
Vocational rehabilitation	29,790	-	-	29,790
Vocational contracts	\$ 368,308			
Less: Cost of services	<u>303,866</u>			
Vocational contracts gross profit	64,442	-	-	64,442
Interest income	15,793	-	-	15,793
Other income	91,070	-	-	91,070
Net assets released from restrictions				
Expiration of time restriction -- United Way Servi.	23,500	(23,500)	-	-
Expiration of use restriction -- purchase of equip.	<u>43,407</u>	<u>(43,407)</u>	-	-
Total revenues, gains, and other support	\$ 4,712,188	\$ 94,542	\$ -	\$ 4,806,730
EXPENSES				
Program Services				
Residential services	\$ 979,259	\$ -	\$ -	\$ 979,259
Vocational services	982,051	-	-	982,051
Children's choice	12,605	-	-	12,605
Supervised independent living	1,546,627	-	-	1,546,627
Personal care	340,448	-	-	340,448
Crisis intervention	35,288	-	-	35,288
Support Services				
Management and general	715,720	-	-	715,720
Fund-raising	<u>61,726</u>	-	-	<u>61,726</u>
Total expenses	<u>4,673,724</u>	-	-	<u>4,673,724</u>
Change in net assets	38,464	94,542	-	133,006
Net assets at beginning of year	<u>1,832,299</u>	<u>255,089</u>	<u>13,526</u>	<u>2,100,914</u>
Net assets at end of year	<u>\$ 1,870,763</u>	<u>\$ 349,631</u>	<u>\$ 13,526</u>	<u>\$ 2,233,920</u>

See Notes to Financial Statements.

OPTIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

	Program Services			Supporting Services		
	Residential Services	Vocational Services	Individualized Services	Management and General	Fund- raising	Total
Salaries and related expenses:						
Salaries	\$ 628,790	\$ 769,692	\$ 1,652,258	\$ 747,591	\$ -	\$ 3,798,331
Employee benefits & taxes	59,027	92,312	162,587	138,103	-	452,029
Workers' compensation	38,483	46,934	25,991	(7,014)	-	104,394
	<u>\$ 726,300</u>	<u>\$ 908,938</u>	<u>\$ 1,840,836</u>	<u>\$ 878,680</u>	<u>\$ -</u>	<u>\$ 4,354,754</u>
Bank fees	\$ -	\$ -	\$ -	\$ 2,140	\$ -	\$ 2,140
Bad debt	-	6,723	11,095	971	-	18,789
Cost of sales	-	274,945	-	139	-	275,084
Bed tax	125,268	-	-	-	-	125,268
Crisis intervention	-	-	133,644	-	-	133,644
Depreciation	37,147	53,338	15,728	18,680	-	124,893
Dues, licenses, and subscriptions	3,242	232	650	6,823	-	10,947
Food and supplies	42,400	545	-	-	-	42,945
Fund raising	-	-	-	-	17,136	17,136
Housekeeping supplies	6,567	5,939	756	575	-	13,837
Insurance						
Liability	16,788	18,108	5,832	14,766	-	55,494
Motor vehicle	11,216	33,154	2,899	2,604	-	49,873
Other property	17,130	4,274	-	7,330	-	28,734
Interest	12,792	-	-	2,139	-	14,931
Job development	-	-	-	2,164	-	2,164
Medical consultants	17,367	-	446	-	-	17,813
Medical supplies	11,769	807	1,747	-	-	14,323
Miscellaneous	1,520	3,940	8,716	7,782	-	21,958
Motor vehicle expenses	20,950	109,049	10,812	168	-	140,979
Non capital equipment	4,727	6,886	-	2,567	-	14,180
Office supplies	355	6,165	8,906	48,727	-	64,153
Other resident expenses	8,590	222	106	-	-	8,918
Other supplies	2,208	664	894	69	-	3,835
Postage	36	94	-	6,954	-	7,084
Payroll fees	-	-	-	40,171	-	40,171
Professional services	-	175	815	46,231	-	47,221
Recruiting	2,153	3,383	7,688	6,496	-	19,720
Rent	202	2,980	450	641	-	4,273
Repairs and maintenance	17,857	2,133	10	8,291	-	28,291
Telephone	6,696	11,213	904	23,943	-	42,756
Travel and transportation	329	10,932	38,448	11,279	-	60,988
Seminars and training	263	468	1,773	23,885	-	26,389
Utilities	27,363	4,646	-	21,447	-	53,456
	<u>\$ 394,935</u>	<u>\$ 561,015</u>	<u>\$ 252,319</u>	<u>\$ 306,982</u>	<u>\$ 17,136</u>	<u>\$ 1,532,387</u>
Less expenses (cost) deducted revenues on statement of	-	(274,945)	-	(139)	-	(275,084)
Total expenses, net of cost of sales	<u>\$ 1,121,235</u>	<u>\$ 1,195,008</u>	<u>\$ 2,093,155</u>	<u>\$ 1,185,523</u>	<u>\$ 17,136</u>	<u>\$ 5,612,057</u>

See Notes to Financial Statements.

OPTIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2006

	Program Services			Supporting Services		Total
	Residential Services	Vocational Services	Individualized Services	Management and General	Fund-raising	
Salaries and related expenses:						
Salaries	\$ 541,837	\$ 615,798	\$1,542,818	\$ 396,567	\$ 39,032	\$ 3,136,052
Temporary staff	-	-	-	6,489	-	6,489
Employee benefits & taxes	43,730	70,836	135,567	53,401	6,831	310,365
Workers' compensation	29,793	49,898	122,627	27,920	2,294	232,532
	<u>\$ 615,360</u>	<u>\$ 736,532</u>	<u>\$1,801,012</u>	<u>\$ 484,377</u>	<u>\$ 48,157</u>	<u>\$ 3,685,438</u>
Administrative and general	\$ 165	\$ 1,311	\$ 1,854	\$ 60,333	\$ -	\$ 63,663
Bank fees	-	-	(36)	(3)	-	(39)
Bad debt	-	5,000	-	-	-	5,000
Cost of sales	-	303,866	-	-	-	303,866
Bed tax	111,166	-	-	-	-	111,166
Crisis intervention	-	-	34,428	-	-	34,428
Depreciation	33,405	69,453	6,720	20,111	-	129,689
Dues, licenses, and subscription	2,932	183	-	5,461	-	8,576
Food and supplies	36,315	262	4	-	-	36,581
Fund raising	-	-	-	-	13,569	13,569
Insurance						
Liability	8,385	8,605	26,256	5,101	-	48,347
Motor vehicle	10,507	33,658	2,675	2,613	-	49,453
Other property	10,175	1,553	-	3,950	-	15,678
Interest	13,931	62	-	12	-	14,005
Job development	-	2,009	-	-	-	2,009
Medical consultants	22,670	-	75	-	-	22,745
Medical supplies	5,841	292	2,484	-	-	8,617
Miscellaneous	2,680	1,934	1,769	6,000	-	12,383
Motor vehicle expenses	19,402	92,176	12,548	-	-	124,126
Office supplies	3,258	1,941	5,497	19,160	-	29,856
Other resident expenses	6,065	916	10,022	-	-	17,003
Other supplies	9,226	7,473	1,795	60	-	18,554
Postage	8	-	-	4,709	-	4,717
Professional services	-	-	-	34,208	-	34,208
Rent	-	2,532	-	-	-	2,532
Repairs and maintenance	31,632	326	4	20,363	-	52,325
Social workers	-	-	-	-	-	-
Telephone	8,648	7,580	826	16,584	-	33,638
Travel and transportation	191	5,366	27,014	8,562	-	41,133
Seminars and training	50	36	21	5,404	-	5,511
Utilities	27,247	2,851	-	18,715	-	48,813
	<u>\$ 363,899</u>	<u>\$ 549,385</u>	<u>\$ 133,956</u>	<u>\$ 231,343</u>	<u>\$ 13,569</u>	<u>\$ 1,292,152</u>
Less expenses (cost) deducted from revenues on statement of	-	(303,866)	-	-	-	(303,866)
Total expenses, net of cost of sales	<u>\$ 979,259</u>	<u>\$ 982,051</u>	<u>\$1,934,968</u>	<u>\$ 715,720</u>	<u>\$ 61,726</u>	<u>\$ 4,673,724</u>

See Notes to Financial Statements.

OPTIONS, INC.

STATEMENTS OF CASH FLOWS
FOR YEAR ENDED JUNE 30, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 441,699	\$ 133,006
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	124,892	129,689
Gain on sale of vehicles	(7,763)	
(Increase) decrease in operating assets		
Accrued interest	(3,700)	-
Accounts receivable	(250,663)	8,065
Prepaid expenses	(1,028)	(10,975)
Inventory	(207)	(919)
Increase (decrease) in operating liabilities:		
Accounts payable	(73,202)	106,404
Other payables	1,339	(1,455)
Accrued salaries and payroll taxes	73,043	(21,311)
Net cash provided by operating activities	<u>\$ 304,410</u>	<u>\$ 342,504</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of certificates of deposit	\$ (21,742)	\$ (357,414)
Change in restricted cash and cash equivalents	(107,209)	(97,042)
Refund of deposits	2,481	-
Proceeds from sale of vehicles	7,763	-
Land received from donors	(195,000)	-
Purchases of property and equipment	(206,295)	(32,397)
Net cash used in investment activities	<u>\$ (520,002)</u>	<u>\$ (486,853)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(23,157)	(19,780)
Net cash provided by financing activities	<u>\$ (23,157)</u>	<u>\$ (19,780)</u>
Net increase (decrease) in cash and cash equivalents	\$ (238,749)	\$ (164,129)
Beginning cash and cash equivalents	<u>673,279</u>	<u>837,408</u>
Ending cash and cash equivalents	<u><u>\$ 434,530</u></u>	<u><u>\$ 673,279</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 14,931</u>	<u>\$ 14,004</u>

See Notes to Financial Statements.

OPTIONS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Options, Inc. is a private nonprofit corporation which provides quality services to the needs of people with disabilities and their families. Options have provided quality services since 1973. These services include the following:

Residential Services

Residential services provides a home to six individuals with 24-hour, awake staff who provide training and support. Each home is located in a residential setting. The purpose is to provide individualized training, support, and a warm and nurturing home-like living arrangement.

Vocational Services

The purpose of vocational services is to allow persons with disabilities to develop work skills and to offer a variety of employment options, which help individuals, maximize their potential. Options' staff work with each individual to find a "job match" based on an interest and skills inventory. We assess the needs and want of the individual, as well as the needs and wants of a business and match those needs to ensure the right fit.

Individualized Services

Individualized Services includes the following types of services:

Children's Choice

The purpose of this service is to provide supplemental support services to children with disabilities, from birth to 18 years of age, who currently live at home with their families or will leave an institutional setting to return home. Services provided include: family support, crisis support, family training, diapers, home ramps, bathroom modifications, general adaptations and vehicle lifts.

Independent Living

The purpose of the Independent Living Program is to provide the supports needed for each individual with a disability to live in the community as independently as possible. The Independent Living Program offers individuals personalized living choices based on their needs and wants.

Personal Care

The purpose of the Personal Care Program is to help meet the needs of people with disabilities who live in their own home or apartment by providing assistance with daily living. We provide assistance to the primary caregiver as needed. Services may be provided to people of all ages with a disability on either an emergency or planned basis in the person's home.

OPTIONS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Crisis Intervention

The purpose of this service is to support disabled persons in their homes during times of crisis, assuring that they remain safe in the least restrictive environment that meets their needs. Services are short term, generally two weeks, but may be extended for two week periods as needed.

Basis of Presentation

Financial statement presentation follows recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Accounting

The financial statements of Options, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Accounts Receivable

Accounts receivables are stated at the amount management expect to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts at June 30, 2007 and 2006 was \$0 and \$9,616, respectively.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Options, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

OPTIONS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations

The Organization's primary source of revenue is Medicaid (Title XIX) revenue. For the fiscal year ended June 30, 2007 and 2006, \$4,634,706 and \$3,723,327, or 74% and 73% of the Organization's total gross revenue was from Title XIX. Additionally, \$77,394 and \$414,422, or 1% and 8% of the Organization's total gross revenue was from Office for Citizens with Developmental Disabilities, \$398,249 and \$368,308, 6% and 7% of the total gross revenue was from small business contracts and \$577,311 and \$201,547, 10% and 4% of total gross revenue was from fundraising and contributions. The remaining \$641,180 and \$402,991, or 11% and 8% of the total gross revenue was from various activities, including client cost of care, investment income and private pay fees.

Donated Services

Contributions of donated non-cash assets are recorded at their fair market value in the period received. Contribution of donated services that create or enhance non-financial assets or that requires specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair market values in the period received.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Estimates

Management uses estimated and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

OPTIONS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Inventory

Inventory is carried at cost and consists of janitorial and office supplies.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, Options, Inc. has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a)(2) of the Internal Revenue Code

Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair market value.

Promises to Give

Unconditional promises to give, if applicable, less an allowance for uncollectible amounts is recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met and the promises become unconditional.

Property and Equipment

All acquisitions of property and equipment in excess of \$2,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful life of the assets. State funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets.

OPTIONS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and Revenue

Options, Inc. received grant and contract support primarily from the State Department of Health and Hospitals, Office for Citizens with Developmental Disabilities, and Louisiana Rehabilitation Services. Support received from those grants and contracts is recognized when it is earned. Options, Inc. received client fees, Medicaid income, and Medicare income for billable client services and recognizes these fees and income when earned.

NOTE 2. CASH AND CASH EQUIVALENTS

Options, Inc. maintains several bank accounts at various banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at these two institutions exceeded FDIC limits at June 30, 2007 by \$401,054. It is the opinion of management that the solvency of the referenced financial institution is not of particular concern at this time.

NOTE 3. CERTIFICATES OF DEPOSIT

At June 30, 2007, Options, Inc. had Certificates of Deposit as follows:

<u>Face Value</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 100,000	4.50%	08/13/07
100,000	4.85%	09/03/07
52,500	4.88%	06/07/08
78,815	3.68%	04/29/08
78,818	3.69%	04/28/08
67,592	5.13%	10/22/07
59,117	5.00%	01/05/08
22,000	5.15%	01/22/08
<u>\$ 558,842</u>		

OPTIONS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

NOTE 3. CERTIFICATES OF DEPOSIT (Continued)

At June 30, 2006, Options, Inc. had Certificates of Deposit as follows:

<u>Face Value</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
\$ 50,000	4.88%	06/07/2007
75,000	4.88%	04/29/2007
75,000	4.17%	04/28/2007
100,000	4.50%	08/13/2007
64,682	4.50%	01/22/2007
56,571	4.50%	01/05/2007
21,000	4.50%	12/21/2006
100,000	4.85%	09/03/2007
<u>\$542,253</u>		

Interest income from all sources totaled \$52,745 and \$10,760 for the years ended June 30, 2007 and 2006, respectively.

NOTE 4. UNCONDITIONAL PROMISE TO GIVE

At June 30, 2007 and 2006 unconditional promises to give consist of:

	<u>2007</u>	<u>2006</u>
United Way	<u>\$ 21,000</u>	<u>\$ 21,000</u>

The unconditional promise to give is receivable in the next fiscal year. Management has estimated an allowance for uncollectible amounts for the year ended June 30, 2006. The amount due from United Way consists of the following:

	<u>2007</u>	<u>2006</u>
Allocation for next fiscal year,		
general allocation	\$ 21,000	\$ 21,000
Donor Designation	<u> </u>	<u> </u>
	\$ 21,000	\$ 21,000
Less: Allowance for uncollectible amount	<u> </u>	<u> </u>
	<u>\$ 21,000</u>	<u>\$ 21,000</u>

OPTIONS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

NOTE 5. PROPERTY AND EQUIPMENT

Property and Equipment at June 30, 2007 and 2006 consisted of the following:

	<u>2007</u>	<u>2006</u>
Land	\$ 333,275	\$ 137,568
Construction in progress	7,331	-
Buildings & Improvements	999,169	963,911
Furniture & Fixtures	153,387	120,553
Software	72,771	41,346
Vehicles	<u>634,977</u>	<u>608,330</u>
	2,200,910	1,871,708
Less: Accumulated depreciation	<u>(957,457)</u>	<u>(904,657)</u>
	<u>\$1,243,453</u>	<u>\$ 967,051</u>

Buildings and improvements are depreciated at rates ranging from 3% to 10% per year. Furniture and fixtures are depreciated at rates from 8% to 20% per year. Software is depreciated from 20% to 50% per year and vehicles are depreciated at a 20% per year rate.

Depreciation expense totaled \$124,892 and \$129,690 for the years ended June 30, 2007 and 2006, respectively.

NOTE 6. LEASES

Options, Inc. has two leases that are cancelable with one month's notice by either party. For the year ending June 30, 2007 and 2006 the total lease expense was \$4,274 and \$2,532, respectively.

NOTE 7. ACCRUED VACATION

Options, Inc.'s employees can earn paid vacation after successful completion of three months initial period of employment.

OPTIONS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

NOTE 7. ACCRUED VACATION (Continued)

Vacation and leave accrue at various rates depending upon length of service and hours worked per month, as follows:

<u>Employee Classification</u>	<u>Accrual Rate</u>
40 hour employees	6.67 to 14 hours per month up to a maximum of 168 hours
35-39 hour employees	5.8 to 12.25 hours per month up to a maximum of 147 hours

Accrued leave recorded at June 30, 2007 and 2006 was \$112,821 and \$75,718, respectively.

NOTE 8. CAFETERIA PLAN

The Organization has a "Section 125" employee benefits plan, which is also referred to as a "Cafeteria" plan. Employer contributions into this plan are based on length of service. A new employee becomes eligible to participate in the plan after 90 days. Employees can use the employer contribution for term life insurance, health insurance, dependent care and medical expenses.

NOTE 9. LONG-TERM DEBT

The following is a summary of long-term liability as of June 30, 2007:

<u>Description</u>	<u>June 30, 2007</u>	<u>Interest Rate</u>	<u>Current Portion</u>	<u>Long Term</u>
Homestead Loan	\$ 176,769	6.75%	\$ 11,393	\$ 165,376

Notes payable at June 30, 2007 consists of the following:

Options, Inc. has a mortgage loan payable to Homestead Bank, at an annual interest rate of 6.75%. This note was converted from a construction loan in January of 2004 into a mortgage note. This note is collateralized by the Our House property which has a carrying value of \$259,036 at June 30, 2007. At June 30, 2007 the balance of this loan was \$176,769. The scheduled monthly principal and interest payment is \$1,996 through December 1, 2018. Interest expense for the years ended June 30, 2007 and 2006 was \$14,931 and \$14,004, respectively.

OPTIONS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

NOTE 9. LONG-TERM DEBT (Continued)

The following principal amounts on the mortgage loan are due over the next five years and beyond:

Year ending <u>June 30</u>	<u>Amount</u>
2008	\$ 11,393
2009	12,186
2010	13,480
2011	14,119
2012	14,119
Thereafter	<u>100,079</u>
	<u>\$ 165,376</u>

NOTE 10. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2007 and 2006, Options, Inc. had \$691,514 and \$349,631, respectively, in temporarily restricted net assets. Temporarily restricted net assets are available for the following purposes or periods:

	<u>2007</u>	<u>2006</u>
United Way funding for next year	\$ 21,000	\$ 21,000
Purchase of property and equipment	82,522	46,432
Department of Transportation - restricted vehicles	177,840	138,166
Land - use restricted	238,000	43,000
Vocational program support	20,709	---
Purchase of Safe Haven Facility	<u>151,443</u>	<u>101,033</u>
	<u>\$ 691,514</u>	<u>\$ 349,631</u>

NOTE 11. PERMANENTLY RESTRICTED NET ASSETS

The endowment fund is a permanently restricted investment fund from the donor's restrictions that only the interest from the investment may be used for operations of Options, Inc. At June 30, 2007 and 2006, the restricted balance in this fund was \$13,526.

OPTIONS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

NOTE 12. PENSION PLAN

Employees of the Organization may participate in a 403(b) savings plan, whereby the employees may elect to make contributions pursuant to a salary reduction agreement upon meeting age and length-of-service requirements. Employees may elect to defer a portion of their annual salary subject to Internal Revenue Service limits. The Organization matched up to 2% of the employees' annual salary. Employer contributions for the year ended June 30, 2007 and 2006 was \$25,825 and \$23,874, respectively.

NOTE 13. COMPENSATION

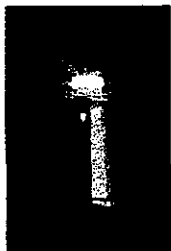
The Board of Directors serves Options, Inc. without compensation.

NOTE 14. SUBSEQUENT EVENTS

Options, Inc. is in the planning stage of the construction of the Safe Haven Vocational Center and Shelter facility. The total estimated construction cost for the planned facility is \$1,742,000. Competitive bid process for the facility's construction will take place in January 2008.

Options, Inc. has entered into a Cooperative Endeavor Agreement with the State of Louisiana dated March 19, 2007, in which the Organization will receive \$350,000 of State bond funds towards construction of the facility. The remainder of the funding for the facility has been approved by the State of Louisiana Bond Commission and formal agreement will be executed in 2008.

**GOVERNMENT AUDITING STANDARDS
COMPLIANCE REPORTS**



BERNARD & FRANKS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH V. FRANKS II, C.P.A.

NICHOLAS F. CHETTA, C.P.A.

NICHOLAS W. LAFRANZ III, C.P.A.

JAMES L. WHITE, C.P.A.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the Board of Directors
Options, Inc.
Hammond, Louisiana

We have audited the financial statements of Options, Inc. (a nonprofit organization) for the year ended June 30, 2007, and have issued our report thereon dated December 18, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Options, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Options, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

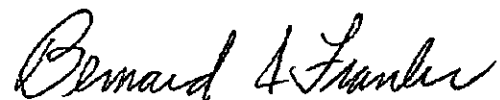
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Options, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant, agreements noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the use of management, the Louisiana Legislative Auditor, and the Federal Cognizant Agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by Options, Inc., is a matter of public record.



Metairie, Louisiana
December 18, 2007

OPTIONS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDIT RESULTS

YEAR ENDED JUNE 30, 2007

SCHEDULE #1

- An unqualified opinion was issued on the financial statements of Options, Inc.
- The statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses is not applicable.
- The audit disclosed no instances of noncompliance that were material to the financial Statements of Options, Inc.
- No management letter was issued.
- There were no major programs during the year ended June 30, 2007; therefore, Options, Inc. was not subject to OMB Circular A-133.
- The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- Options, Inc. does not qualify as a low-risk auditee.

OPTIONS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-Continued
REPORTABLE CONDITIONS - FINANCIAL STATEMENTS - CURRENT YEAR

YEAR ENDED JUNE 30, 2007

SCHEDULE #2

There were no findings related to the financial statements for the year ended June 30, 2007.

OPTIONS, INC.
SUMMARY OF PRIOR YEAR'S AUDIT FINDINGS
YEAR ENDED JUNE 30, 2007

SCHEDULE #3

There were no findings related to the financial statements audit for the year ended June 30, 2006.